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XR PET 16 LIBYA

Department of State

EXDIS
TELEGRAM

356

CONFIDENTIAL 444

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ACTION AF-05

INFO OCT-01 SS-20 E-04 NEA-08 NSC-10 NSCE-00 INR-07 CIAE-00
NSAE-00 L-02 PRS-01 TRSY-06 INT-01 COM-02 OEP-01
RSR-01 RSC-01 EUR-12 /082 W
114787

R 151227Z SEP 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6883
INFO AMEMBASSY BENGHAZI
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY TEHRAN

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY 9 DATE 9/7/81
PORTIONS DENIED AS INDICATED

C O N F I D E N T I A L TRIPOLI 2215

LIMDIS.

SUBJECT : POSTED PRICE NEGOTIATIONS

REFERENCE: STATE 149975 (NOTAL)

1. OASIS OWNERS' REPS HAVE CONFIRMED LARGES PRICE DEMANDS AS OUTLINED REFTEL, INCLUDING CHANGE IN BASIS FOR GRAVITY ALLOWANCE (TRIPOLI 2171).

2. OWNERS APPEAR TO BE PREPARED TO CONCEDE PRICE INCREASE IN LINE WITH OXY SETTLEMENT, WHILE ATTEMPTING TO MINIMIZE RETROACTIVITY AND TO SPREAD RETROACTIVITY PAYMENTS. JALLUD, [redacted] MENTIONED 2 TO 3 YEARS AS PERIOD FOR PAYMENT OF RETROACTIVITY. EMBASSY NOTES RETROACTIVITY PAYMENTS BY OXY ARE SPREAD OVER FIVE YEARS THROUGH INCREASE IN TAX RATE. B4

3. [redacted] OASIS OWNERS WILL SEEK PRODUCTION INCREASE --- PROBABLY BY ARGUING FOR ALLOCATION B4

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OF PRODUCTION ALLOWABLES TO NEW WELL TO WHICH NONE HAVE BEEN ASSIGNED. IF SUCCESSFUL, MARATHON ESTIMATES THIS WOULD RESTORE OASIS' PRODUCTION TO ABOUT ONE MILLION B/D.

4. [redacted] B1

[redacted] AMERICAN MAJORS RAPIDLY COULD BECOME ISOLATED IN CURRENT NEGOTIATIONS -- WHICH SEEMS TO BE LARG'S PRESENT TACTICE. GP-4.

PALMER

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